

# MEMORANDUM

## DEPARTMENT OF TRANSPORTATION

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**TO:** Transportation Commission

**FROM:** Mark Imhoff, Director, Division of Transit and Rail

**DATE:** August 1, 2012

**RE:** Disposal of FREX buses

### **Bus Disposal Plan and Schedule**

The City of Colorado Springs has ceased its funding for the Front Range Express (FREX) commuter bus service between Colorado Springs and Denver. At its June meeting the Transit and Intermodal Committee discussed options for disposing of the 10 buses, which are owned by CDOT. The Committee recommended that CDOT make the buses available to Colorado transit operators with a 20% local match required for purchase, based on the residual value established by CDOT. Staff is proposing to proceed with disposal of the 10 buses based on that recommendation, using the attached resolution that appears on the August 16, 2012 TC consent agenda.

Based on the age and usage (mileage) we have placed a value of \$140,000/bus. Assuming all 10 buses go to Colorado transit operators for a 20% local match, \$280,000 will come to CDOT. The funds that we receive from the transfer of the buses, as well as the \$220,000 that is being held in escrow by the City of Colorado Springs, will be returned to the fund holding Senate Bill 1 funds, where it will be held until reallocated.

DTR is still negotiating with the City on some of the details of the transfer of the buses to CDOT and its selected awardees. The City will terminate FREX on August 31 and retain control of the buses from their private contractor. The City must assure CDOT it will immediately provide insurance coverage and bus storage for the next four weeks, during which time the City will “decommission” the buses, including removal of the FREX logos and “bus wrap.” The City has agreed to make the buses available for “viewing” on a day that is yet to be determined.

The tentative schedule for disposing of the buses is set forth below:

1. Transportation Commission approval of resolution for bus disposal- Aug. 16, 2012
2. DTR release of call for proposals from agencies that are interested in acquiring a bus(es) – Aug. 17
3. Viewing of buses by interested proposers- Sept. 9 (tentative)
4. Proposals by interested parties due to DTR- Sept. 13

5. If ten qualified requests are not received, advertise the sale of buses on the open market- Sept. 14
6. DTR selection of awardees- Sept. 18
7. Submittal of agreements to awardees- Sept. 19
8. Payments and signed agreements due to DTR Sept. 25
9. Awardees to take delivery of bus(es) no later than Sept. 28

This is a very aggressive schedule, but the City has concern about bus storage and having to provide liability coverage for the buses past the time needed to decommission the buses. Providers would likely prefer to view the buses after all have been decommissioned, but doing so could send the schedule well into October. If more time is needed it will be necessary for DTR and the City to negotiate the terms of such, including bus storage and insurance coverage.

Transit providers might have preferences for one bus over another. However, these buses are identical in age and very similar in terms of condition and mileage. We think it would be impractical to allow Colorado public transit operators to select individual transit coaches. It would be unfair to make them available at the same price yet allow one provider to choose a bus it considered “better” than others. Therefore, the individual buses will be allocated by lottery—unless all the selected operators and DTR can mutually agree on some other method.

Your packet contains a resolution that addresses this selected disposal plan. The resolution includes a provision that some or all of the buses be sold on the open market if not all of the buses are requested by Colorado transit operators.

### **Consideration of Retaining One Bus for Department Use**

It was suggested at the Committee meeting that CDOT consider keeping one of the buses and use it for Commission road trips and other Department activities that may require a large passenger vehicle. In response, DTR has researched the issue to determine the level of demand for a vehicle of this nature at CDOT, the anticipated costs and associated logistics (staffing requirements to operate the vehicle, insurance costs, storage etc.).

The level of demand for use of a bus is very low and does not seem to justify retaining one of the buses. The Commission typically only takes one or two road trips per year. DTR has made inquiries of the motor pool and of each of the Regions to determine if requests are submitted for large passenger buses. There have been no other charter trips taken over the past few years besides those of the Commission.

CDOT currently charts private buses for the TC road trips. Each trip typically costs CDOT about \$1500. It is anticipated that the combined costs of insuring, maintaining, and storing a bus would easily eclipse the cost of two or three trips per year. Because the State is self-insured, it is difficult to set a precise cost of insurance. The liability associated with a multi-passenger vehicle, though, is clearly high.

The logistics associated with possessing a bus presents additional obstacles. CDOT would need to recruit a driver for the bus. Operators of this type of vehicle need to have a Class C Commercial Drivers License (CDL). It is not known if any current CDOT employees have a

Class C CDL. Snowplow and heavy equipment operators are required to hold a Class A or Class B CDL, not a Class C, so any such employee would need to obtain additional training and certification to obtain a Class C license to be able to legally operate the bus. Even if that certification was obtained, it would be ill-advised to have a passenger bus operated by a driver who did so only one or two times per year.

Another logistical challenge is storage of the vehicle. It would be difficult to securely store and maintain a bus. The bus would take up much storage space, could not be parked indoors and could become a target of vandalism. None of CDOT's mechanics are trained to maintain passenger buses and CDOT would not keep any parts in supply, so most maintenance work would have to be contracted out.

Based on these many drawbacks, DTR staff is recommending that the Commission not retain a FREX bus for Department use.